

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF ADMINISTRATION

INVESTMENT COMMITTEE

June 19, 2006

Chief Investment Officer's

Consolidated Investment Activity Report

(April 2006 Reporting Period)

Market Environment – April 30, 2006

General Market Commentary

Equity markets produced positive returns during the month of April while the bond market continued to struggle. Core inflation of 0.3%, which excludes volatile food and energy prices, was higher than predicted for the month fueling inflation concerns. The ten-year treasury rose to above 5.0% for the first time since June 2002.

Domestic and International Equities

High quality large-cap stocks performed best among domestic stocks during the month. Value stocks returned 2.5% for the month as measured by the Russell 1000 Value Index. Growth stocks (Russell 1000 Growth) fell out of favor during April and returned a loss of (0.1%). Small-cap stocks (Russell 2000) began to retreat slightly returning a flat return of (0.0%). Domestic markets were unable to keep pace with international markets in the month due to a depreciating dollar against major currencies. The MSCI EAFE Index of developed nations rose by 4.8% and the MSCI Emerging Markets Free Index rose by 7.1%. Emerging markets have returned 62.3% in the past twelve months.

Domestic and International Fixed Income

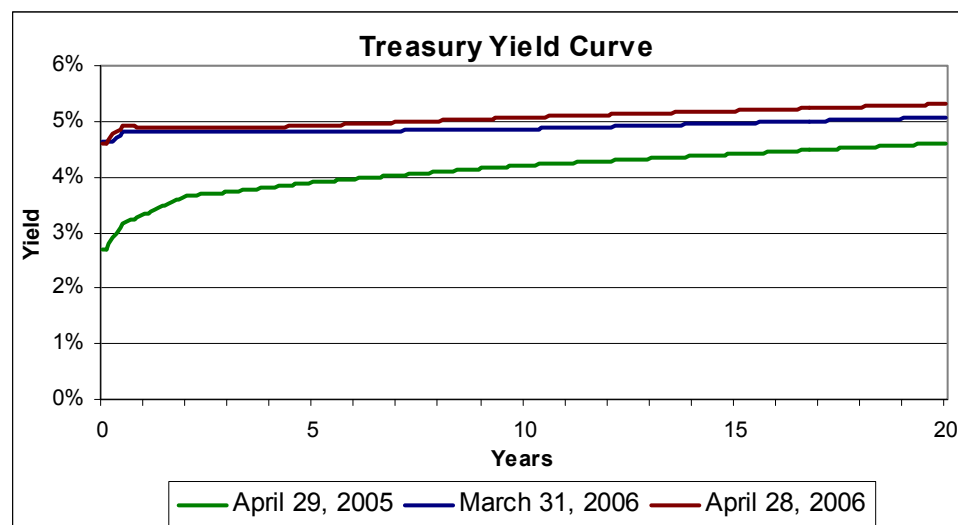
Long-term yields continued to rise during the month. The Lehman Brothers Aggregate Bond Index returned a loss of (0.2%) in April. 90-day Treasury Bills rose 0.4%. Outside the U.S. the Citigroup World Government Bond Index ex US rose by 3.1%, in U.S. dollar terms.

Real Estate

Real estate, as measured by the NAREIT Equity Index, fell by (3.7%) in April. The NCREIF Index of Real Estate Properties returned 3.6% in the quarter ended March 2006.

Private Equity, Absolute Return Strategies

The Venture Economics All Private Equity Index returned 22.6% for the 12 months ended December 2005 and 12.3% for the 10 years ended December 2005. Absolute Return funds (CSFB/Tremont Hedge Fund Index) returned 2.2% in April and 16.1% for the 12 months ended April 2006.



MARKET INDICATORS	4/29/2005	Direction	3/31/2006	Direction	4/28/2006
1m LIBOR (fixed in \$)	3.09%	▲	4.83%	▲	5.04%
Federal Funds	2.75%	▲	4.75%	—	4.75%
10Y Treasury Note Yield	4.20%	▲	4.85%	▲	5.07%
30Y Treasury Bond Yield	4.52%	▲	4.89%	▲	5.17%
DJ-Wilshire 5000 Comp	11,367.56	▲	13,121.56	▲	13,252.50
S&P 500	1,156.85	▲	1,294.87	▲	1,310.61
NASDAQ Composite	1,921.65	▲	2,339.79	▼	2,322.57
FTSE 100 Index	4,801.70	▲	5,964.60	▲	6,023.10
Nikkei 225 Index	11,008.90	▲	17,059.66	▼	16,906.23
Yen/\$ (Dollar Strength)	104.640	▲	117.480	▼	113.790
Euro/\$ (Dollar Strength)	0.774	▲	0.824	▼	0.792
GBP/\$ (Dollar Strength)	0.523	▲	0.575	▼	0.549
Crude Oil per Barrel	\$ 49.72	▲	\$ 66.63	▲	\$ 71.88
Gold (\$/oz Daily Spot)	\$ 435.70	▲	\$ 582.00	▲	\$ 684.00
GS Commodities Index	\$ 353.42	▲	\$ 442.52	▲	\$ 474.79

CalPERS Asset Allocation – April 30, 2006

Summary

- Total Fund Market Value was \$211.1 Billion
- Total Fund Book Value was \$163.3 Billion
- All Asset Classes are within their permissible ranges relative to target ranges and strategic target levels.

Book to Market Value Comparison

	Book Value (\$ Billion)	Market Value (\$ Billion)	Difference (\$ Billion)
Total Cash Equivalents	\$1.4	\$1.4	\$0.0
Total AIM Direct/Partnership	\$12.5	\$10.5	-\$2.0
Total Global Fixed Income	\$51.0	\$50.2	-\$0.8
Domestic Equities ¹	\$49.5	\$85.9	\$36.4
International Equities	\$37.6	\$52.1	\$14.5
Total Global Equities	\$87.2	\$138.1	\$50.9
Total Real Estate	\$11.2	\$10.8	-\$0.3
Total Equities and Real Estate	\$98.3	\$148.9	\$50.6
Total Fund	\$163.3	\$211.1	\$47.8

¹ Included is MDP Investment - LM Capital Investment: Total Book Value=**\$185.3M**, Total Market Value=**\$179.5M**.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values. When summing net amounts on this report, there may be breakage.

Top Company Exposures

- As a very significant institutional investor, CalPERS has large exposures to the securities of many corporations either through internal or externally managed portfolios. Consistent with board requested information and in support of the Board of Administration's oversight role, a schedule of the top 20 company exposures is prepared for informational purposes and can be found on Page 4.

CalPERS Total Fund Top 20 Company Exposures

Based on Total Market Values as of 4/30/2006

Company Name	Equity Exposure				Total Equity Market Value	Fixed Income Exposure				Total FI Market Value	Real Estate	TOTAL Market Value	% of Total Fund(3)
	Internally Managed		Externally Managed			Internal	External	Sec. Lending(2)	Exposure (1)				
	Active	Passive	Active	Passive									
GENERAL ELECTRIC	316,745,161	1,348,162,545	231,621,766		1,896,529,472	73,364,394	73,631,048	702,466,065	849,461,507		2,745,990,979	0.97%	
EXXON MOBIL CORP	220,596,942	1,426,718,208	261,483,569		1,908,798,719				0		1,908,798,719	0.90%	
BANK OF AMERICA CORP	83,721,381	854,100,000	174,032,003		1,111,853,384	51,798,167	8,484,729	493,706,000	553,988,896		1,665,842,280	0.56%	
CITIGROUP INC	204,414,681	935,728,335	210,509,780		1,350,652,796	87,174,573	98,928,642	0	186,103,215		1,536,756,011	0.73%	
LUMMIS	0	0	0		0			1,285,000,000	1,285,000,000		1,285,000,000	0.00%	
MICROSOFT CORP	151,831,702	942,692,835	184,297,827		1,278,822,364	0	0	0	0		1,278,822,364	0.61%	
BERKSHIRE HATHAWAY	89,360,016	505,690,008	21,244,600		616,294,624	222,178,308	0	200,079,000	422,257,308		1,038,551,932	0.40%	
WAL MART STORES INC	131,999,411	685,361,103	69,608,841		886,969,355	123,417,941	2,754,345		126,172,286		1,013,141,641	0.48%	
HSBC HOLDINGS	0	218,268,928	156,753,005	204,596,595	579,618,528	147,005,445	78,638,541	202,440,576	428,084,562		1,007,703,090	0.38%	
JPMORGAN CHASE & CO	147,745,436	584,698,184	122,331,637		854,775,257	32,736,343	7,509,810	99,886,570	140,132,723	8,828,590	1,003,736,570	0.43%	
JOHNSON + JOHNSON	151,320,529	641,703,307	133,508,833		926,532,669	13,578,441			13,578,441		940,111,110	0.45%	
PFIZER INC	77,066,601	689,649,778	158,503,134		925,219,513	10,868,681			10,868,681		936,088,194	0.44%	
PROCTER + GAMBLE CO	98,215,172	726,866,640	92,838,547		917,920,359	4,800,740			4,800,740		922,721,099	0.44%	
AMERICAN INTL GROUP INC	76,731,521	627,398,325	86,241,317		790,371,163	9,136,834	47,271,436		56,408,270		846,779,433	0.40%	
CONOCOPHILLIPS	86,922,300	415,941,451	119,243,363		622,107,114	217,374,324			217,374,324		839,481,438	0.40%	
CITIBANK CRDIT CRD ISS	0	0	0		0			839,454,160	839,454,160		839,454,160	0.00%	
CHEVRONTXACO CORP	101,436,353	503,915,364	92,721,660		698,073,377	112,264,527			112,264,527		810,337,904	0.38%	
VERIZON COMMUNICATIONS	44,127,684	357,228,930	72,637,858		473,994,472	263,399,941	4,479,626		267,879,567		741,874,039	0.35%	
ROYAL DUTCH SHELL	0	259,976,782	231,411,507	244,306,993	735,695,282				0		735,695,282	0.35%	
PRUDENTIAL FINL INC	231,278,863	147,415,684	260,235,797		638,930,344	14,308,967	71,971,140		86,280,107		725,210,451	0.34%	

(1) Real Estate exposure data only includes the 20 companies with the highest annual lease revenues for each core partnership, excludes properties in escrow. The market value exposures are calculated based only on two years of expected lease revenues.

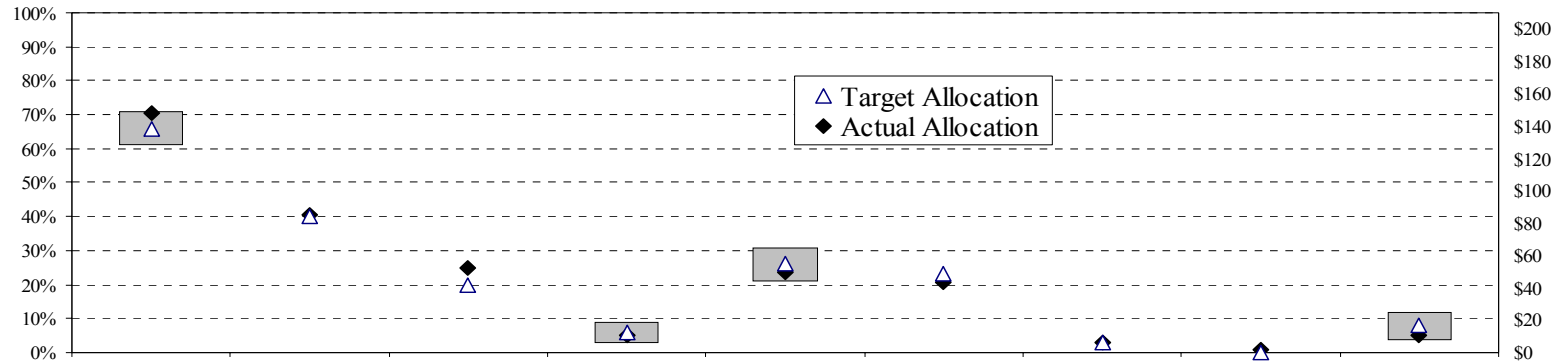
(2) Does not include Repos

(3) Excludes securities lending exposure

CalPERS

Asset Allocation as of April 30, 2006

Total Fund Market Value: **\$211,059,950,772**



	Total Equity	Domestic Equity	International Equity	Private Equity	Total Fixed	Domestic Fixed	International Fixed	Cash ¹	Real Estate	Total Fund
Target Range	61-71%	N/A	N/A	3-9%	21-31%	N/A	N/A	N/A	4-12%	N/A
Strategic %	66.0%	40.0% ²	20.0% ³	6.0%	26.0%	23.0%	3.0%	0.0%	8.0%	N/A
Actual %	70.4%	40.7%	24.7%	5.0%	23.8%	20.7%	3.1%	0.7%	5.1%	N/A
Variance %	4.4%	0.7%	4.7%	(1.0%)	(2.2%)	(2.3%)	0.1%	0.7%	(2.9%)	N/A
Strategic \$ ⁴	\$139.3	\$84.4	\$42.2	\$12.7	\$54.9	\$48.5	\$6.3	\$0.0	\$16.9	N/A
Actual \$ ^{4 5}	\$148.6	\$85.9	\$52.1	\$10.5	\$50.2	\$43.7	\$6.6	\$1.4	\$10.8	N/A
Variance \$ ⁴	\$9.3	\$1.5	\$9.9	(\$2.2)	(\$4.6)	(\$4.9)	\$0.2	\$1.4	(\$6.1)	N/A
% Passive	63.3%	75.3%	56.3%	0.0%	0.0%	0.0%	0.0%	0.0%	4.3%	44.8%
% Active	36.7%	24.7%	43.7%	100.0%	100.0%	100.0%	100.0%	100.0%	95.7%	55.2%
% Internal ⁶	53.6%	75.3%	28.6%	0.0%	84.3%	96.9%	0.0%	38.9%	4.3%	58.3%
% External ⁶	46.4%	24.7%	71.4%	100.0%	15.7%	3.1%	100.0%	61.1%	95.7%	41.7%

MDP Venture accounts included in MDP's primary asset class. MDP Fixed and Enhanced Index Equity roll to External Domestic Equity.

¹ Cash includes SMIF at STO.

² Wilshire's reports reflect 38.8%, to account for 1.2% allocation to RMARS Program.

³ Wilshire's reports reflect 19.4%, to account for 0.8% allocation to RMARS Program.

⁴ (\$ Billion)

⁵ Based upon Trade Date Accounting as recommended by CFA Institute GIPS Standards.

⁶ For cash percentage only, average over previous 6 months.

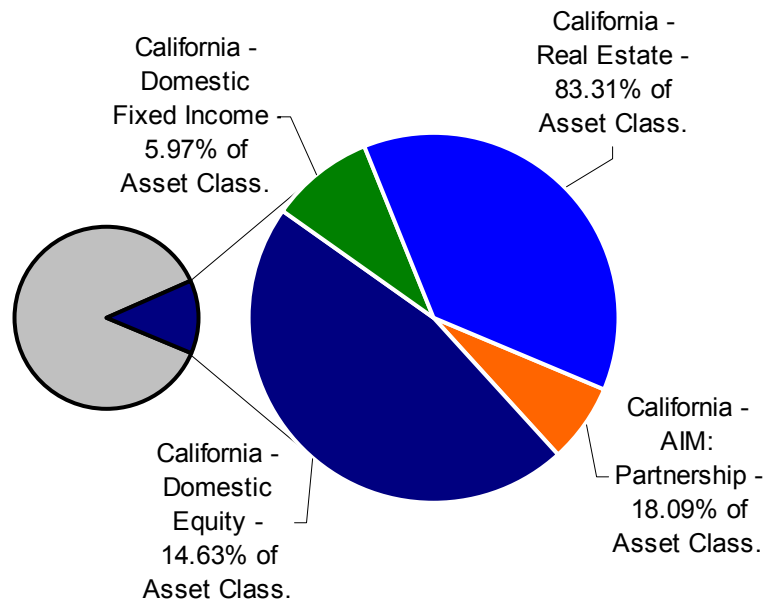
Private Equity Asset Allocation as of 4/30/2006			
Funded	\$(in Billions)	% Allocation	Target Range
Current Market Value	\$10.50	5.0%	
Unfunded Commitment	\$13.10	6.2%	
Current Market Value plus Unfunded Commitment	\$23.60	11.2%	3-9%

CalPERS Investments in the State of California – April 30, 2006

The State of California offers CalPERS a number of attractive investment opportunities. The following charts summarize the Investments by Asset Class as of the date of this report. A detailed report is available in the Investment Monitoring Supplemental Information.

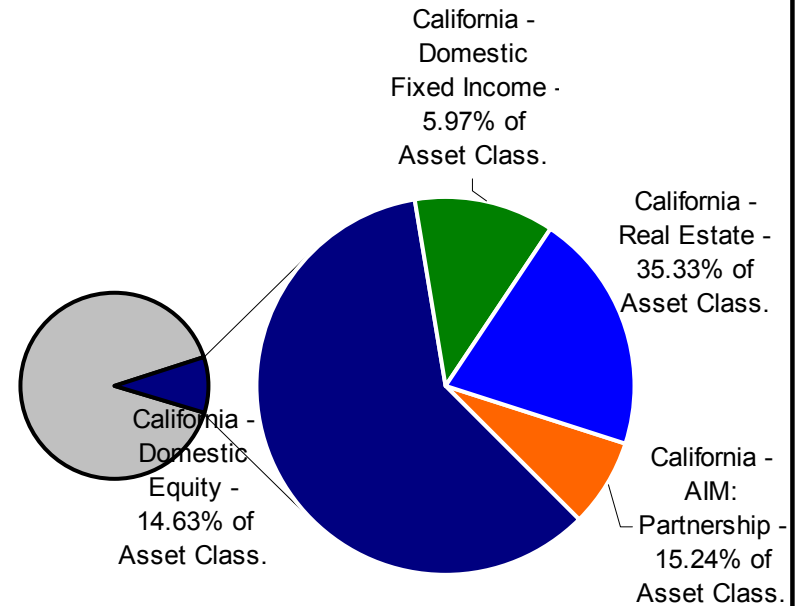
California Commitments (includes unfunded investments)

Current California Commitments at 4/30/2006 Total Fund %: 12.86%



California Investments

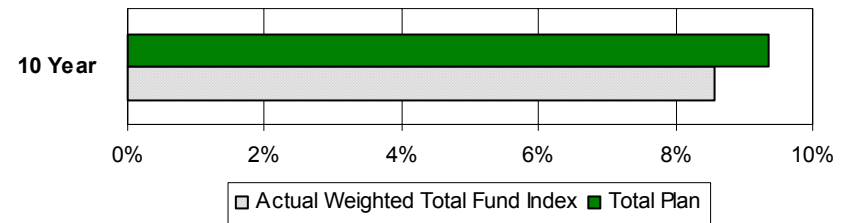
Current California Investments at 4/30/2006 Total Fund %: 9.95%



Performance Summary – April 30, 2006

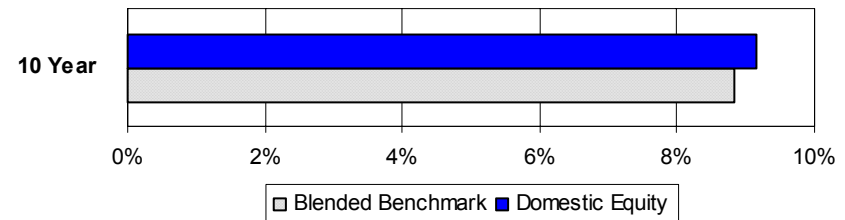
Total Plan:

Net Total Fund returns have exceeded the Actual Weighted Total Fund Index in all periods shown, except for during the month of April. Ten-year net returns were 9.36% versus 8.57% for the actual weighted index.



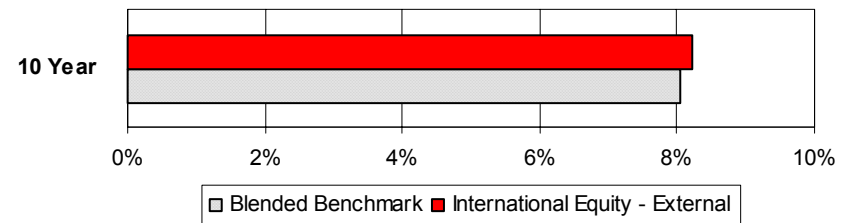
Domestic Equity:

Net Domestic Equity returns have exceeded or equaled the Blended Index in all periods shown. Ten-year net returns were 9.15% versus 8.83% for the blended benchmark.



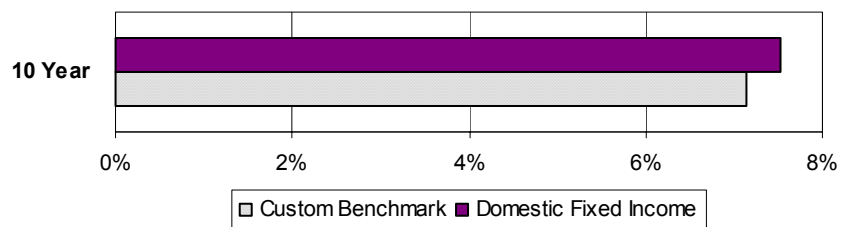
International Equity:

Net International Equity (External) returns including the currency overlay have underperformed during most periods. However, the fiscal year, one-year and ten-year periods have outperformed. Ten-year net returns were 8.23% (8.10% without currency overlay) versus 8.04% for the blended benchmark. The Internal portfolio has returned 34.93% since its 5/1/2005 inception (exceeding its benchmark of 34.41%).



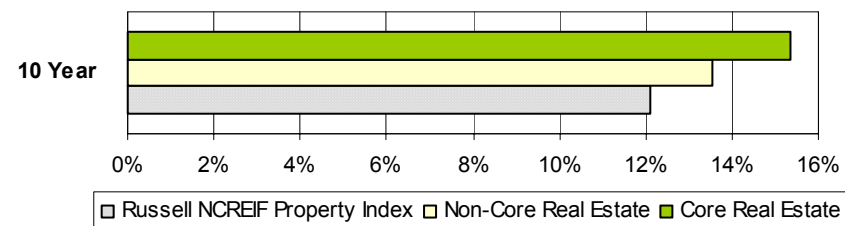
Domestic Fixed Income:

Net Domestic Fixed Income returns have exceeded the benchmark in all periods shown. Ten-year net returns were 7.53% versus 7.13% for the benchmark.



Real Estate:

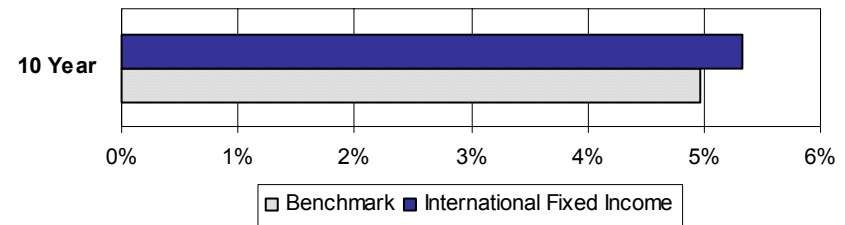
Net returns to the Core Real Estate Portfolio have exceeded the NCREIF Property benchmark in all relevant periods shown. Non-core portfolio returns have exceeded the benchmark in all periods shown. Ten-year net returns were 15.37% for the Core Real Estate portfolio and 13.55% for Non-Core Real Estate versus 12.10% for the lagged benchmark.



Performance Summary – April 30, 2006

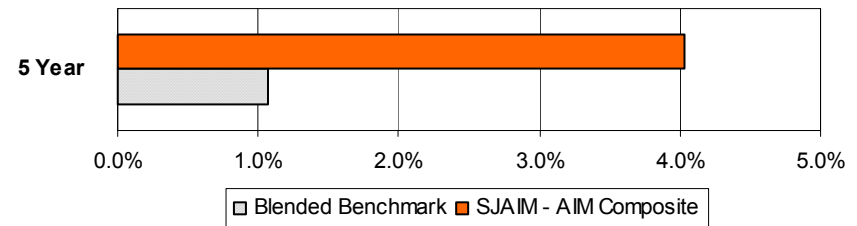
International Fixed Income:

Net International Fixed Income returns have underperformed during the month and fiscal year, but have exceeded the benchmark in all other periods. Ten-year net returns were 5.33% versus 4.96% for the benchmark.



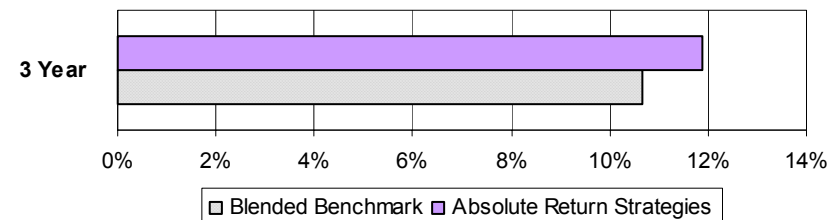
Alternative Investments:

Net returns for the Alternative Investments portfolio have underperformed the blended benchmark in the short-term periods, but outperformed for the calendar year-to-date, one-, three-, and five-year periods. Five-year net returns are shown for the AIM Composite, which includes distributed stock (4.03% vs. 1.07%). Ten-year net returns for the AIM Partnership & Direct Composite were 12.58%, exceeding the ten-year custom blended benchmark return of 7.34%.



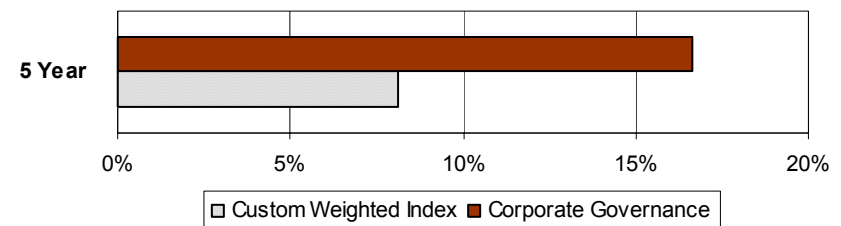
Absolute Return Strategies:

Net Absolute Return Strategies returns have outperformed in all time periods. Three-year net returns were 11.87% versus 10.68% for the blended benchmark.



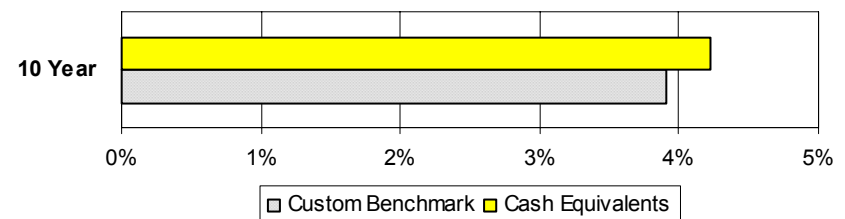
Corporate Governance:

Net returns to Corporate Governance Investments have exceeded the Custom Benchmark in all periods shown except for in the fiscal year-to-date and one-year. Five-year net returns were 16.62% versus 8.10% for the weighted index.



Cash Equivalents:

Net returns for the Cash Equivalents portfolio have met or exceeded the benchmark in all periods shown, except for the month of April. Ten-year net returns were 4.23% versus 3.91% for the custom benchmark.



CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CIO REPORT
GROSS RATES OF RETURN
Period Ending April 30, 2006
Investment Committee Meeting June 2006

	MKT VAL (000'S)	One Month Apr 06	QTR Feb - Apr 06	FYTD 05-06	CYTD 2006	1 Year	3 Years	5 Years	10 Years
TOTAL PLAN									
SJ1CA1 TOTAL FUND	211,059,951	1.47	3.18	14.62	6.36	19.46	16.76	7.78	9.52
CALPERS POLICY INDEX		1.58	2.91	12.84	5.81	16.57	15.11	6.78	8.65
ACTUAL WEIGHTED TOTAL FUND INDEX		1.61	3.02	11.67	5.98	15.40	14.94	6.89	8.57
GLOBAL EQUITY									
DOMESTIC									
SH8CA1 TOT DOME EQ+IND HG+ENV EX VENT, HDG, CG	80,985,739	1.18	2.94	13.28	6.47	18.64	16.40	4.21	9.17
WILSHIRE 2500 EX TOBACCO (BLENDED)		1.17	2.90	13.01	6.45	18.33	16.24	3.94	8.83
INTERNATIONAL - EXTERNAL									
SHBCA1 INTL TOT EXT EQ+MDP+IND HG, EX OVLY EX VT	33,614,296	5.18	8.08	35.15	15.76	38.58	31.24	10.90	8.14
SHBKA1 INTL TOT EXT EQ+MDP+IND HG+OVLY EX VT	33,410,703	4.03	7.38	34.34	14.18	39.64	30.22	9.77	8.28
CALPERS FTSE A-W X US/SSGA BLEND		5.07	7.84	34.05	15.20	37.43	31.13	10.81	8.04
INTERNATIONAL - INTERNAL									
SWB3 INTERNAL INTERNATIONAL EQUITY INDEX	14,977,680	4.80	7.98	32.14	14.87	34.93			
CALPERS FTSE DEV WORLD EX US & TOBACCO		4.76	7.91	31.90	14.79	34.41			
SWCG INTERNATIONAL EQUITY TRANSITION	13,939	4.94	4.22		17.55				
HEDGE FUND INVESTMENTS									
SNLCA1 TOTAL ARS PROGRAM COMPOSITE	2,595,163	1.51	4.09	14.08	7.35	17.77	12.10		
TOTAL ARS PROGRAM BLENDED INDEX		0.73	2.09	6.62	2.74	7.98	10.68		
CORPORATE GOVERNANCE									
SWMKA1 CORPORATE GOVERNANCE	4,429,391	2.81	4.84	21.42	8.27	27.88	34.25	17.12	
CALPERS TOTAL CORP GOV WEIGHTED INDEX		1.15	3.55	25.52	7.37	29.79	23.83	8.10	
MDP DOM FIXED INCOME-INVESTMENTS									
SN1KA1 MDP DOM FIXED INCOME-INVESTMENTS	179,483	0.08	-0.75	-0.42	-0.40	0.92	3.54		
CITIGROUP BROAD INVESTMENT GRADE		-0.20	-0.86	-0.91	-0.87	0.78	2.66	5.21	6.36
GLOBAL FIXED INCOME									
DOMESTIC									
SJDKA1 TOTAL DOM FIXED	43,680,315	-0.62	-1.72	-1.43	-1.82	0.98	4.58	6.75	7.54
CALPERS CUSTOM LEH LPF		-0.76	-2.26	-3.14	-2.51	-0.58	3.18	6.24	7.13
INTERNATIONAL									
SJDCA1 TOTAL INTERNATIONAL FIXED INCOME	6,552,190	3.05	1.40	-0.38	3.27	-4.00	6.52	9.38	5.41
CALPERS WORLD GOVT EX US		3.07	1.26	-0.39	3.21	-4.38	5.90	9.11	4.96
CASH EQUIVALENTS									
SJVKA1 TOTAL CASH	1,436,100	0.37	1.11	3.58	1.48	4.11	2.39	2.51	4.23
CALPERS CUSTOM STIF NET OF FEES		0.38	1.11	3.37	1.48	3.88	2.19	2.23	3.91
ALTERNATIVE INVESTMENTS									
SJAIM AIM COMPOSITE	10,500,943	0.17	-0.18	13.53	5.36	28.17	16.26	4.05	
SJXKA1 AIM: PARTNERSHIP & DIRECT INVESTMENTS	10,388,058	0.12	-0.33	13.47	5.22	28.21	16.20	4.10	12.58
PERS WILSHIRE 2500/CYFU BLEND		1.27	3.85	15.46	5.16	19.18	13.41	1.07	7.34
SW2V AIM DISTRIBUTION STOCK	112,885	5.41	13.44	10.17	18.96	21.30	23.39	5.56	
REAL ESTATE									
SW3CA1 CORE REAL ESTATE	5,650,864	-0.09	8.57	30.03	8.75	48.46	27.33	20.28	17.17
SW7KA1 TOTAL NON-CORE REAL ESTATE	5,968,432	-0.13	14.04	30.77	14.63	37.23	31.94	20.24	16.66
NCREIF PROPERTY 1 QTR LAG INDEX		0.00	5.43	15.99	5.43	20.06	14.42	11.40	12.10

⁽¹⁾ SJXKA1 actual inception 3/90, returns only available since conversion to State Street Bank Private Real Estate valued at prior quarter-end; Public Real Estate valued at current month-end.

Excludes MDP venture accounts in composites SW9C, SWDC.

This report prepared by State Street Bank

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CIO REPORT
NET RATES OF RETURN
Period Ending April 30, 2006
Investment Committee Meeting June 2006

	MKT VAL (000'S)	One Month Apr 06	QTR Feb - Apr 06	FYTD 05-06	CYTD 2006	1 Year	3 Years	5 Years	10 Years
TOTAL PLAN									
SJ1CA1 TOTAL FUND	211,059,951	1.46	3.09	14.34	6.27	18.98	16.44	7.53	9.36
CALPERS POLICY INDEX		1.58	2.91	12.84	5.81	16.57	15.11	6.78	8.65
ACTUAL WEIGHTED TOTAL FUND INDEX		1.61	3.02	11.67	5.98	15.40	14.94	6.89	8.57
GLOBAL EQUITY									
DOMESTIC									
SH8CA1 TOT DOME EQ+IND HG+ENV EX VENT, HDG, CG	80,985,739	1.18	2.93	13.26	6.46	18.62	16.37	4.19	9.15
WILSHIRE 2500 EX TOBACCO (BLENDED)		1.17	2.90	13.01	6.45	18.33	16.24	3.94	8.83
INTERNATIONAL - EXTERNAL									
SHBCA1 INTL TOT EXT EQ+MDP+IND HG, EX OVLY EX VT	33,614,296	5.18	8.06	35.08	15.74	38.49	31.16	10.84	8.10
SHBKA1 INTL TOT EXT EQ+MDP+IND HG+OVLY EX VT	33,410,703	4.03	7.36	34.26	14.15	39.53	30.13	9.71	8.23
CALPERS FTSE A-WX US/SSGA BLEND		5.07	7.84	34.05	15.20	37.43	31.13	10.81	8.04
INTERNATIONAL - INTERNAL									
SWB3 INTERNAL INTERNATIONAL EQUITY INDEX	14,977,680	4.80	7.98	32.14	14.87	34.93			
CALPERS FTSE DEV WORLD EX US & TOBACCO		4.76	7.91	31.90	14.79	34.41			
SWCG INTERNATIONAL EQUITY TRANSITION	13,939	4.94	4.22		17.55				
HEDGE FUND INVESTMENTS									
SNLCA1 TOTAL ARS PROGRAM COMPOSITE	2,595,163	1.50	4.02	13.88	7.27	17.52	11.87		
TOTAL ARS PROGRAM BLENDED INDEX		0.73	2.09	6.62	2.74	7.98	10.68		
CORPORATE GOVERNANCE									
SWMKA1 CORPORATE GOVERNANCE	4,429,391	2.78	4.78	21.30	8.15	27.71	33.64	16.62	
CALPERS TOTAL CORP GOV WEIGHTED INDEX		1.15	3.55	25.52	7.37	29.79	23.83	8.10	
MDP DOM FIXED INCOME-INVESTMENTS									
SN1KA1 MDP DOM FIXED INCOME-INVESTMENTS	179,483	0.08	-0.78	-0.53	-0.44	0.77	3.31		
CITIGROUP BROAD INVESTMENT GRADE		-0.20	-0.86	-0.91	-0.87	0.78	2.66	5.21	6.36
GLOBAL FIXED INCOME									
DOMESTIC									
SJDKA1 TOTAL DOM FIXED	43,680,315	-0.62	-1.73	-1.43	-1.83	0.97	4.56	6.74	7.53
CALPERS CUSTOM LEH LPF		-0.76	-2.26	-3.14	-2.51	-0.58	3.18	6.24	7.13
INTERNATIONAL									
SJDCA1 TOTAL INTERNATIONAL FIXED INCOME	6,552,190	3.05	1.39	-0.43	3.26	-4.07	6.44	9.30	5.33
CALPERS WORLD GOVT EX US		3.07	1.26	-0.39	3.21	-4.38	5.90	9.11	4.96
CASH EQUIVALENTS									
SJVKA1 TOTAL CASH	1,436,100	0.37	1.11	3.58	1.48	4.11	2.39	2.51	4.23
CALPERS CUSTOM STIF NET OF FEES		0.38	1.11	3.37	1.48	3.88	2.19	2.23	3.91
ALTERNATIVE INVESTMENTS									
SJAIM AIM COMPOSITE	10,500,943	0.16	-0.19	13.51	5.35	28.14	16.24	4.03	
SJXKA1 AIM: PARTNERSHIP & DIRECT INVESTMENTS	10,388,058	0.12	-0.33	13.47	5.22	28.21	16.20	4.10	12.58
PERS WILSHIRE 2500/CYFU BLEND		1.27	3.85	15.46	5.16	19.18	13.41	1.07	7.34
SW2V AIM DISTRIBUTION STOCK	112,885	4.94	12.94	8.41	18.10	19.37	22.06	4.33	
REAL ESTATE									
SW3CA1 CORE REAL ESTATE	5,650,864	-0.09	8.27	25.91	8.46	38.94	23.31	17.44	15.37
SW7KA1 TOTAL NON-CORE REAL ESTATE	5,968,432	-0.13	11.14	24.37	11.72	29.25	25.07	15.53	13.55
NCREIF PROPERTY 1 QTR LAG INDEX		0.00	5.43	15.99	5.43	20.06	14.42	11.40	12.10

(1) SJXKA1 actual inception 3/90, returns only available since conversion to State Street Bank. Excludes MDP venture accounts in composites SW9C, SWDC. Private Real Estate valued at prior quarter-end; Public Real Estate valued at current month-end.

This report prepared by State Street Bank

Investment Operations Report – April 30, 2006

Closed Session Transactions

- There was 1 (one) closed session transactions reported to the Board in Open Session per the requirements of California Government Code Section 20191.5 and the current CalPERS Board of Administration Statement of Policy & Procedures for Closed Sessions.

Activity Reports –April 30, 2006

- Staff prepares activity reports for the AIM, Absolute Return Strategies and Opportunistic Real Estate Programs. Detailed reports and investment summaries for the AIM and Risk Managed Absolute Return Strategies are included in the supplemental reporting document. Opportunistic Real Estate Investments will be reported below as they occur.

AIM Activity Report

Activity	Month	2004	2005	2006 YTD	Since Inception
Investment Proposals Received	18	381	316	74	5855
Declined/Referred/Failed to Materialize	5	223	429	24	4617
Deals in Screening	91	397	318	74	2869
Due Diligence Reviews	29	65	59	22	553

Risk Managed Absolute Return Strategies Program Activity Report

Activity	2004	2005	2006 YTD	Since Inception
Information Received	59	59	23	580
Declined	12	7	1	243
Deals in Screening	45	58	19	322
Due Diligence Reviews	5	22	17	60
Approved by ARS Board	5	22	17	58
Funded Investments (\$ Millions)	\$149	\$783	\$595	\$2,106

Opportunistic Real Estate Investments Activity Report

Activity	Month
Fortress RIC Senior Housing IL&FS India Realty Fund TGP Hospitality Investments IV	April 2006

Quarterly and Semi-Annual Report(s)

According to policy requirements, the following is summary information extracted from the quarterly reports prepared for Investment Committee consideration. All Quarterly Reports are presented as of quarter ending March 31, 2006. The AIM Semi-Annual Report is for the period ending December 31, 2005. Executive Summaries and Full Reports are available in the supplemental reporting document.

CalPERS Affiliate Funds:

Total Fund Performance Results

Total Fund Performance Periods Ended March 31, 2006

	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Judges II	4.2%	13.3%	15.1%	6.5%	-.-
<i>Weighted Policy Benchmark ¹</i>	4.3	12.1	14.6	6.4	-.-
Long Term Care ("LTC")	3.3	11.2	14.7	6.1	-.-
<i>Weighted Policy Benchmark</i>	3.3	9.7	14.0	5.9	-.-
Volunteer Firefighters ("VFF")	5.0	17.1	15.1	6.4	9.3
<i>Weighted Policy Benchmark</i>	5.0	14.6	14.3	6.2	9.1
SF Healthcare	1.1	3.9	2.6	2.8	-.-
<i>TUCS Public Fund Median ²</i>	4.3	12.4	15.0	6.9	8.6

¹ The weighted policy benchmark returns for Judges II, LTC, and VFF are based on asset class index returns weighted by asset class policy targets.

² The Trust Universe Comparison Service (TUCS) is a universe of over 1,000 client portfolio returns subdivided by client type and asset class.

Quarterly and Semi-Annual Report(s)

CalPERS Affiliated Funds (cont.)

Asset Allocation

	Judges II Actual	Judges II Policy		LTC Actual	LTC Policy		VFF Actual	VFF Policy	
			Diff			Diff			Diff
US Equity	33.9%	34.0%	-0.1%	29.4%	29.0%	0.4%	34.3%	34.0%	0.3%
Int'l Equity	20.5	20.0	0.5	19.4	19.0	0.4	20.7	20.0	0.7
US Bonds	34.8	36.0	-1.2	29.5	30.0	-0.5	34.5	36.0	-1.5
High Yield	0.0	0.0	0.0	10.0	10.0	0.0	0.0	0.0	0.0
TIPS	0.0	0.0	0.0	6.5	7.0	-0.5	0.0	0.0	0.0
Real Estate	10.7	10.0	0.7	5.2	5.0	0.2	10.1	10.0	0.1
Cash	<u>0.1</u>	<u>0.0</u>	<u>0.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.4</u>	<u>0.0</u>	<u>0.4</u>
Total	100.0	100.0	0.0	100.0	100.0	0.0	100.0	100.0	0.0

Commentary

- ◆ Judges II , VFF, and LTC all matched their respective weighted policies during the first quarter of 2006. Among the three plans, LTC had the highest allocation to high yield, which performed better than core fixed income and the TIPS over the quarter, and it helped performance.

Quarterly and Semi-Annual Report(s)

Legislators' Retirement System:

Total Fund Performance Results

Total Fund Performance Periods Ended March 31, 2006

	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
LRS	1.1%	7.7%	10.6%	5.8%	8.5%
<i>Weighted Policy Benchmark</i> ³	1.0	7.1	10.5	6.3	8.7
<i>TUCS Public Fund Median</i> ⁴	4.3	12.4	15.0	6.9	8.6

Asset Allocation

Asset Class	Actual	Policy	Difference
US Equity	30.4%	30.0%	+0.4%
International Equity	10.1	10.0	+0.1
US Bonds	49.5	50.0	-0.5
TIPS	9.9	10.0	-0.1
Cash Equivalents	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	100.0	100.0	0.0

Commentary

- ◆ The California Legislators' Retirement System ('LRS, the System') produced a return of 1.1% during the first quarter of 2006, matching its weighted policy benchmark for the same period (1.0%). The System outperformed its benchmark over the 1-year and 3-year period, but has trailed over longer periods. The LRS has underperformed relative to the TUCS Public Fund Median for the quarter and for all longer periods.
- ◆ As of March 31, the System's market value was \$136.4 million, which represented a net decrease of approximately \$0.5 million from the beginning of the quarter. The change in market value consisted of net contribution of \$0.1 million, net distribution and administrative fees of \$1.9 million and a net investment gain of \$1.2 million.

³ The weighted policy benchmark returns are based on asset class index returns weighted by asset class policy targets.

⁴ The Trust Universe Comparison Service (TUCS) is a universe of over 1,000 client portfolio returns subdivided by client type and asset class.

Quarterly and Semi-Annual Report(s)

Deferred Compensation Program Reports:

US Treasury Intermediate Term Fund:

	<u>12/97</u>	<u>12/98</u>	<u>12/99</u>	<u>12/00</u>	<u>12/01</u>	<u>12/02</u>	<u>12/03</u>	<u>12/04</u>	<u>12/05</u>	<u>03/06</u>
Market Value (\$ Millions)	44.9	56.9	48.4	48.9	53.3	58.1	55.6	20.7	21.3	21.6

PERFORMANCE*
For Periods Ended March 31, 2006

	<u>Qtr.</u>	<u>1 Yr.</u>	<u>3 Yr. Annualized</u>	<u>5 Yr. Annualized</u>
U.S. Treasury Intermediate Term	-0.29%	2.37%	1.76%	4.15%
<u>Benchmark:</u> CalPERS Custom Lehman 1-10	-0.48%	1.84%	1.49%	3.85%

Comments: The first quarter of 2006 began with the yield on the U.S. Treasury 3 year Note at 4.36% and the 5 year Note at 4.355%. During the quarter, interest rates rose in short term Notes with maturities from 2 to 10 years. These changes occurred due to a combination of factors which include a decline in demand for short term U.S. debt from foreign buyers and continued pressure on short term yield levels as the Federal Reserve continued to raise the fund rate. This resulted in a fall in the price of short term Notes as yields rose. During the quarter the Federal Reserve increased the Federal Funds Rate from 4.25% to 4.75%. The 3 year Note ended the quarter at 4.963 and the 5 year Note at 4.812%.

*Gross performance. Savings CalPERS 457 Program has asset management fees of .29% per year and an administration fee of .26% per year.

Quarterly and Semi-Annual Report(s)

Deferred Compensation Program Reports (cont.)

US Treasury Short Term Fund:

	<u>12/97</u>	<u>12/98</u>	<u>12/99</u>	<u>12/00</u>	<u>12/01</u>	<u>12/02</u>	<u>12/03</u>	<u>12/04</u>	<u>12/05</u>	<u>03/06</u>
Market Value (\$ millions)	40.8	49.5	50.5	53.8	56.3	52.6	48.1	23.1	25.3	25.7

PERFORMANCE* For Periods Ended March 31, 2006

	<u>Qtr.</u>	<u>1 Yr.</u>	<u>3 Yr. Annualized</u>	<u>5 Yr. Annualized</u>
U.S. Treasury Short Term	1.07%	3.60%	2.04%	2.10%
<u>Benchmark:</u>				
PERS 1 Month T-Bill	1.03%	3.36%	1.93%	2.03%

Comments: During the first quarter of 2006, 1-month T-Bills traded in a range of 3.88% to 4.67%. 1-month T-Bills began the quarter at 4.0% and ended the quarter at 4.63%. The Bill's rate rose as during the quarter the FOMC raised the Fed Funds target rate from 4.25% to 4.5% on January 31 and to 4.75% on March 28.

*Gross performance. CalPERS 457 Program has asset management fees of .29% per year and an administration fee of .26% per year.

Quarterly and Semi-Annual Report(s)

Deferred Compensation Program Reports (cont.)

S & P 500 Index Fund:

	<u>12/97</u>	<u>12/98</u>	<u>12/99</u>	<u>12/00</u>	<u>12/01</u>	<u>12/02</u>	<u>12/03</u>	<u>12/04</u>	<u>12/05</u>	<u>03/06</u>
Market Value										
(\$ millions)	265.0	480.4	887.1	831.6	744.3	581.7	821.1	932.2	955.9	977.5

PERFORMANCE*				
For Periods Ended March 31, 2006				
	<u>Qtr.</u>	<u>1 Yr.</u>	<u>3 Yr.</u> <u>Annualized</u>	<u>5 Yr.</u> <u>Annualized</u>
S&P 500 Index Fund	1.24%	11.74%	17.18%	3.87%
<u>Benchmark:</u>				
S&P 500 Index	1.24%	11.73%	17.22%	3.97%

Comments: For the quarter, the portfolio returned 0 bps versus the S&P 500 index. The NAV returns for the quarter and one-year period were 1.24% and 11.74% versus the benchmark's 1.24% and 11.73% respectively. The S&P 500 Index Fund began in November 1991 with the Savings Plus Program and grew as the CalPERS 457 Program was added in February 1995.

*Gross performance. As of July 1, 1996 asset management fees for the Savings Plus Program were renegotiated to .056% per year. Prior to July 1, 1996 Savings Plus Program had asset management fees of .16% per year. CalPERS 457 Program has asset management fees of .09% per year and an administration fee of .26% per year. **Above returns are calculated using Internal Rate of Return (IRR).

Quarterly and Semi-Annual Report(s)

Securities Lending Earnings:

Earnings for the quarter ended March 31, 2006, are presented to the Investment Committee for information.

Asset Class	Average Lendable Assets (\$ 000)	Average % on Loan	Net Margin (Annualized)	Net Income to CalPERS (\$ 000)
Global Equities	\$111,827,651	18%	48 bp	\$23,908
Global Fixed Income	\$32,560,008	48%	23 bp	\$9,103
Total Program	\$144,387,659		37 bp	\$33,011

Policy Violations:

Boston Global Advisors did not violate the policy during the first quarter of the calendar year.

Credit Suisse did not violate the policy during the first quarter of the calendar year.

eSecLending did not violate the policy during the first quarter of the year.

Metropolitan West did not violate the policy during the first quarter of the calendar year.

State Street Bank did not violate the policy during the first quarter of the calendar year.

Results:

The securities lending program generated \$33.0 million of net income for the quarter ended March 31, 2006. The average market value of securities on loan for the quarter was \$35.7 billion.

Quarterly and Semi-Annual Report(s)

Supplemental Savings Programs:

- CalPERS 457 Program - During the first quarter ending March 31, 2006, the CalPERS 457 Program experienced a \$ 37.9 million (7.7%) net increase in assets for a total of \$532.3 million. The number of participants grew by 609 (3%), to 20,991, and agency adoptions by 9 (1.6%), to 560.
- Peace Officers' and Firefighters' Defined Contribution Plan - The POFF Plan assets grew 3.3% from last quarter, to \$261.0 million. The number of participants decreased by -220 (-.6%), for a total of 34,738.
- Supplemental Contributions Program - The SCP assets remained the same from last quarter, \$21.2 million. The number of participants decreased by 4 to 890, for a -.4% decrease.
- Savings Plus Program - In the Savings Plus Program, the S & P 500 Index Fund totaled \$871.3 million in assets under management, representing an increase of \$14.8 million 1.7% over the previous quarter.

Investment Transactions – March 31, 2006

Investment Transactions are reported to the Investment Committee for review under the requirements of California Government Code Section 20191. Information is provided in summary format in this consolidated document. Full reporting is available in the supplemental reporting document.

Portfolio Summary and Transactions Report:

- Purchases – Internal Management (Page 22)
- Sales – Internal Management (Page 23)
- Currency Hedge Portfolio Summary (Page 24)
- Currency Hedge Portfolio Transactions (Page 24)

Investment Transaction Information as of 03/31/2006: (full reporting is available in the supplemental reporting document)

- Fixed Income Transactions
 - Internal Domestic
 - External International and High Yield
 - Special Mortgage Investment Program Transactions
 - High Yield Performance
- Equity Summary & Transactions
 - Internal Domestic
 - Corporate Actions
 - External Domestic
 - External International
- Internal Programs
 - Closed Real Estate Transactions Summary
 - Dispositions Summaries
 - Blackrock Realty – Regency at Skyport condominium, CalPERS equity share \$1,493,646.00
 - Blackrock Realty – Regency at skyport condominium, CalPERS equity share \$983,247.00
 - CalWest/RREEF – Bay View Industrial – Hesperian, CalPERS equity share \$1,018,709.00
 - Blackrock Realty – Regency at Skyport condominium, CalPERS equity share \$1,252,986.00
 - Acquisitions Summaries
 - LaSalle/CalEast – Centerpoint Properties Trust, CalPERS equity share \$2,527,697,730.00
 - LaSalle/CalEast – Aeroterm – South Bend, CalPERS equity share \$906,700.00
 - AEW – Parc at Buckhead, CalPERS Equity share \$6,818,863.00

Investment Transactions – March 31, 2006

Investment Transaction Information as of 03/31/2006 (continued): [\(full reporting is available in the supplemental reporting document\)](#)

- AIM Program Transactions
- Summary Listing of Capital Calls and Aggregate Distributions
- AIM Program Investments Completed under Delegation of Authority
 - Investment Summaries
 - Madison Dearborn Capital Partners V, L.P., \$300 million commitment
 - Nogales Investors Fund II, L.P., up to \$50 million commitment
 - TA Associates X, L.P., \$100 million commitment
 - TA Subordinated Debt Fund II, L.P. , \$65 million commitment
- Internally Managed Derivative Transactions Summary
 - Investment Summaries
 - Futures purchases, \$1.1 million notional
 - Futures sales, \$1.6 million notional
- Risk Managed Absolute Return Strategies Program Items Completed Under Delegation of Authority
 - Investment Summaries
 - No items to report

Portfolio Summary and Transactions

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

March 31, 2006

PURCHASES

INTERNAL MANAGEMENT

	<u>PAR</u>	<u>COST</u>	<u>ANNUALIZED YIELD</u>	<u>%OF LONG TERM PURCHASES</u>
<u>ALTERNATIVE INVESTMENTS:</u>				
Partnership Component	282.5	\$291.6	N/A	2.05%
<u>BONDS:</u>				
Utilities & Industrials	529.9	\$545.8	6.08%	3.83%
Sovereign	<u>151.0</u>	<u>149.7</u>	4.96%	<u>1.05%</u>
Total	680.9	\$695.5		4.88%
<u>GOVERNMENTS:</u>				
U.S. Agencies & Treasuries	1,471.8	\$1,557.8	4.96%	10.94%
<u>MORTGAGE SECURITIES:</u>				
Pass-Through	2,498.0	\$2,396.8	5.49%	16.83%
CMO	<u>442.2</u>	<u>274.5</u>	5.71%	<u>1.93%</u>
Total	2,940.2	\$2,671.3		18.76%
<u>EQUITIES:</u>				
Common Stock		\$2,963.6	N/A	20.81%
EXTERNAL MANAGEMENT				
<u>EQUITIES AND FIXED INCOME:</u>				
International Common Stock		\$3,036.8	N/A	21.32%
Domestic Common Stock		2,108.5	N/A	14.81%
International Fixed Income		<u>916.5</u>	N/A	<u>6.44%</u>
Total		\$6,061.8		42.56%
TOTAL PURCHASES:		\$14,241.7		100%

Portfolio Summary and Transactions

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

March 31, 2006

SALES

INTERNAL MANAGEMENT

	<u>PAR</u>	<u>COST</u>	<u>PROCEEDS</u>	<u>GAIN/ LOSS</u>
<u>ALTERNATIVE INVESTMENTS:</u>				
Partnership Component	10.0	\$0.3	\$0.3	\$0.0
<u>BONDS:</u>				
Utilities & Industrials	75.6	\$102.5	\$108.2	\$5.6
Sovereign	<u>66.7</u>	<u>80.9</u>	<u>80.6</u>	<u>(0.2)</u>
Total	142.3	\$183.4	\$188.8	\$5.4
<u>GOVERNMENTS:</u>				
U.S. Agencies & Treasuries	2,039.2	\$2,207.8	\$2,160.7	(\$47.2)
<u>MORTGAGE SECURITIES:</u>				
Pass-Through	2,301.0	\$2,260.6	\$2,205.1	(55.5)
CMO	<u>212.8</u>	<u>217.0</u>	<u>208.4</u>	<u>(8.6)</u>
Total	2,513.8	\$2,477.6	\$2,413.5	(\$64.1)
<u>EQUITIES:</u>				
Common Stock		\$3,748.4	\$4,044.3	\$295.9
EXTERNAL MANAGEMENT				
<u>EQUITIES AND FIXED INCOME:</u>				
International Common Stock		\$2,022.6	\$2,469.5	\$446.8
Domestic Common Stock		1,316.1	1,387.5	\$71.3
International Fixed Income		<u>865.7</u>	<u>843.7</u>	<u>(21.9)</u>
Total		\$4,204.4	\$4,700.7	\$496.2
TOTAL SALES:		\$12,822.0	\$13,508.3	\$686.3

Portfolio Summary and Transactions

CURRENCY HEDGE PORTFOLIO SUMMARY

(\$ Millions)

March 31, 2006

<u>PENDING FX CONTRACTS</u>	<u>COST</u>	<u>MARKET VALUE</u>
Total FX Purchased	\$4,000.4	\$3,964.1
Total FX Sold	\$10,611.4	\$10,461.3

CURRENCY OPTIONS

Currency Puts	(\$75.7)	(\$75.7)
---------------	----------	----------

"For FX purchased, a market value higher than book value means the contracts have an unrealized gain as of the valuation date. For FX sold, a market value lower than book value means the contracts have an unrealized gain as of the valuation date."

CURRENCY HEDGE TRANSACTION SUMMARY

(\$ Millions)

March 31, 2006

<u>PURCHASES</u>	<u>COST</u>
Pending FX Contracts	\$1,111.4

<u>SALES</u>	<u>PROCEEDS</u>
Pending FX Contracts	\$823.0

Affiliate Funds Report- April 30, 2006

Staff has compiled the following investment transaction and portfolio summary reports prepared by the Custodian for the Affiliate Funds for the month ending April 30, 2006.

Affiliate Funds Allocation and Transaction Reports: [\(full reporting is available in the supplemental reporting document\)](#)

Legislators' Retirement Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
AFFILIATE TIPS	\$141,567,516	52.493	\$134,882,402	49.693
LEG-INTERNATIONAL - SSGA	\$7,624,377	2.827	\$14,461,325	5.328
LEGISTRATORS RETIREMENT TOTAL FUND	\$120,495,127	44.680	\$122,089,033	44.979
TOTAL	<u>\$268,687,020</u>	100.000	<u>\$271,432,761</u>	100.000

Judges' Retirement Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
JUD-INTERNAL SHORT TERM - CALPERS	\$35,620	100.000	\$35,620	100.000
TOTAL	<u>\$35,620</u>	100.000	<u>\$35,620</u>	100.000

Affiliate Funds Report- April 30, 2006

Judges II Retirement Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
JUDGES II - INTERNATIONAL - SSGA	\$21,697,991	12.561	\$40,852,517	20.578
JUDGES II TOTAL FUND	\$151,040,884	87.439	\$157,674,397	79.422
TOTAL	<u>\$172,738,875</u>	100.000	<u>\$198,526,914</u>	100.000

Public Employees' Medical & Hospital Care Act Contingency Reserve Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
CRF INTERNAL SHORT TERM - CALPERS	\$6,384,078	100.000	\$6,384,078	100.000
TOTAL	<u>\$6,384,078</u>	100.000	<u>\$6,384,078</u>	100.000

Volunteer Firefighters Length of Service Award Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
VFF INTERNAL SHORT TERM - CALPERS	\$2,899,867	100.000	\$3,146,298	100.000
TOTAL	<u>\$2,899,867</u>	100.000	<u>\$3,146,298</u>	100.000

Affiliate Funds Report- April 30, 2006

Supplemental Contribution Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
SCP TOTAL FUND	\$16,083,513	86.133	\$16,971,270	79.380
SUPPLEMENTAL CONTRIBUTION - INTL EQUITY	\$2,589,456	13.867	\$4,408,421	20.620
TOTAL	<u>\$18,672,969</u>	100.000	<u>\$21,379,691</u>	100.000

Self Fund Health Care:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
SELF FUND HEALTH - CALPERS	\$92,990,449	100.000	\$92,909,404	100.000
TOTAL	<u>\$92,990,449</u>	100.000	<u>\$92,909,404</u>	100.000